



Department of Justice

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**FORMER EXECUTIVE OF NEW YORK DEFENSE FIRM PLEADS GUILTY
TO RIGGING BIDS AND RECEIVING KICKBACK ON
U.S. DEPARTMENT OF DEFENSE CONTRACTS**

Executive Agrees to Serve 10 Months in Prison

WASHINGTON — A former executive of a Long Island, N.Y., defense company pleaded guilty and has agreed to serve 10 months in prison for participating in a conspiracy to rig bids on military contracts for products that are used to secure cargo on vehicles, vessels and aircraft, and for soliciting a kickback in connection with those contracts, the Department of Justice announced today.

Robert Fischetti, former Sales Director of Peck & Hale LLC, located in West Sayville, N.Y., pleaded guilty today in U.S. District Court in Islip, N.Y. Along with his 10-month prison sentence, Fischetti will also pay a \$10,000 criminal fine.

According to the three-count felony charges, Fischetti participated in two conspiracies to rig bids on military contracts for tiedown equipment and cargo securing systems. From December 2002 through January 2004, Fischetti conspired to rig bids on contracts for metal sling hoist assemblies sold to the U.S. Navy. A metal sling hoist assembly is a wire rope basket-type sling, which is used to transport items such as bombs and other munitions. From November 2001 through January 2005, Fischetti entered into and carried out a separate agreement to rig bids on six different types of tiedown equipment and cargo securing systems sold to the U.S. Department of Defense.

In addition, Fischetti, a sub-contractor employee, solicited and accepted a kickback from another lower-tiered sub-contractor in 2002 in return for favorable treatment in the award of subcontracts for finishing work on products supplied to the U.S. Department of Defense.

Under the plea agreement, which is subject to court approval, Fischetti has agreed to cooperate with the Department's ongoing investigation.

"The Antitrust Division is committed to protecting the competitive market for Americans," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "We will continue to bring to justice those who rig bids and thereby deprive the public of the benefits afforded by a competitive bidding process."

Today's case is the third to arise from an ongoing investigation into the military restraints industry. In February 2007, two Pennsylvania executives, Thomas Cunningham and Richard Barko, pleaded guilty to rigging bids on U.S. Navy contracts for metal sling hoist assemblies, and are currently awaiting sentencing.

Fischetti is charged with carrying out each of the two bid-rigging conspiracies with co-conspirators by:

- Attending meetings and engaging in discussions regarding the sale of military tiedown equipment and cargo securing systems;
- Agreeing during those meetings and discussions not to compete on certain contracts with the U.S. Department of Defense and the U.S. Navy by not submitting prices or bids on those contracts;
- Discussing and exchanging prices on certain contracts so as not to undercut one another's prices;
- Submitting bids in accordance with the agreements reached;
- Selling military tiedown equipment and cargo securing systems to the U.S. Department of Defense and U.S. Navy under those agreements at collusive and non-competitive prices; and
- Accepting payment for military tiedown equipment and cargo securing systems sold at the collusive and non-competitive prices.

Fischetti is charged with two counts of bid rigging in violation of the Sherman Act, and soliciting and accepting a kickback in violation of the Anti-Kickback Act. Each count of the Sherman Act carries a maximum sentence of 10 years of imprisonment and a fine of \$350,000 for individuals and \$10 million for corporations. The Anti-Kickback Act carries a maximum sentence of 10 years imprisonment and a fine of \$350,000. Under both statutes, the maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

The ongoing investigation is being conducted by the Antitrust Division's National Criminal Enforcement Section and the DOD's Defense Criminal Investigative Service.

Today's charge is an example of the Department's commitment to protect U.S. taxpayers from public procurement fraud through its creation of the National Procurement Fraud Task Force. The National Procurement Fraud Initiative announced in October 2006 is designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs.

Anyone with information concerning bid rigging or other anti-competitive conduct regarding DOD contracts for tiedown equipment and cargo securing systems used by the military to secure cargo, including munitions, on vehicles, vessels and aircraft in transit or related products is urged to call the National Criminal Enforcement Section of the Antitrust Division at 202-307-6694 or the Long Island Office of the Defense Criminal Investigative Service at 631-420-4302.

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